

Message Text

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 2674

INFO AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUCHAREST 2060

E.O. 11652: N/A

TAGS: BGEN EEWT RO

SUBJ: RESTRICTIONS ON RENTAL HOUSING

REF: (A) STATE 108767 (NOTAL) (B) BUCH 1956

1. RESTRICTIONS ON HOUSING OF FOREIGNERS WERE IMPOSED BY DECREE NO. 225 OF DECEMBER 9, 1974, AND PROVIDE THAT FOREIGNERS MAY ONLY STAY IN STATE-OWNED HOUSING OR HOTELS. THE DECREE AFFECTS FOREIGN STUDENTS, GRANTEES, AND NON-COMMERCIAL VISITORS AS WELL AS FOREIGN BUSINESSMEN, AND IS DEFENDED ON BASIS THAT PRIVATE ROMANTLANS WERE "SPECULAHFNGWK BY RENTING THEIR QUARTERS TO FOREIGNERS FOR SPECIAL FAVORS.

2. WE HAVE HEARD RUMORS THAT UNSPECIFIEEXEUROPEAN FIRMS MIGHT CLOSE THEIR OFFICES AFTER PUBLICATION OF THE DECREE, BUT KNOW OF NO CASES AND SUSPECT L AT COMMERCIAL FACTORS WOULD BE OVERRIDING. UNDOUBTEDLY SOME EUROPEAN FIRMS AND SUBSIDIARIES OF US FIRMS IN EUROPE FIND COMMUTING TO BUCHAREST AN EFFECTIVE ALTERNATIVE TO MAINTAINING AN OFFICE HERE. US COMPANY PROBLEMS WERE OUTLINED REFTTEL B, BUT NONE HAS CHOSEN TO CLOSE ITS OFFICE. THE ROMANIAN SOLUTION IS TO PROVIDE STATE-OWNED APARTMENTS TO THOSE BUSINESSMEN WHO ARE HERE PERMANENTLY, AND SOME BUILDINGS NOW UNDER CONSTRUCTION HAVE REPORTEDLY BEEN DESIGNATED FOR THIS PURPOSE. UNFORTUNATELY, THE DECREE TOOK FULL EFFECT IN MARCH, BEFORE ANY OF THE NEW HOUSING WAS COMPLETED, AND AGAINST THE BACKGROUND OF EXTREME
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HOUSING SHORTAGES FOR ROMANIANS.

3. THE HOUSING PROBLEM WAS SERIOUS ENOUGH FOR US BUSINESS
EVEN WITHOUT THE DECREE. MOST AMERICANS SENT BY PRIVATE FIRMS
TO ROMANIA RENDER TECHNICAL SERVICES UNDER CONTRACT WITH
ROMANIAN ENTERPRISES. THEY DO NOT HAVE REPRESENTATIVE OFFICES,
AND HAVE BEEN PROMISED GOVERNMENT HOUSING AT ROMANIAN EMDENSE
AS A PART OF THEIR CONTRACTS. UNFORTUNATELY, MOST OF THESE
CONTRACTS HAVE BEEN WRITTEN WITHOUT SPECIFYING WHAT CONSTITUTES
"SATISFACTORY HOUSING", AND MOST HOUSING IS FARHTDPOW US
STANDAGKS. SOME FAMILIES HAVE SPENT UP TO TEN MONTHS IN
HOTELS, AND OTHERS HAVE LEFT THE COUNTRY FOR ONE OR TWO
MONTHS AT A TIME, AWAITING APARTMENTS THEY COULD ACCEPT.
GENERALLY SPEAKING, THE CONTRACTING ENTERPRISES -- USUALLY
AN FTO -- HAS LITTLE CAPACITY TO REQUIRE OTHER AGENCEIS TO
PROVIDE HOUSING, EVEN WHEN THE PROBLEM IS RAISED AT THE MINISTRY
(OR EVEN MINISTER) LEVEL.

4. EMBASSY APPROCHES TO ROMANIAN OFFICIALS ON HOUSING HAVE
BEEN RECEIVED SYMPATHETICALLY AND HAVE SOMETIMES RESULTED
IN PROGRESS. PROBLEM IS NOT ONE OF BAD FAITYT BUHOF SHORT
SUPPLY, BUREAUCRACY, AND PERHAPS SOMETCAES A ROMANIAN
PRESUMPTION THAT LIVING IN A HOTEL IS SURELY BETTER THAN
LIVING CONDITIONS FOR MOST ROMANIANS. THE TWO POSSIBLE
SOLUTIONS, EVICTION, AND CONSTRUCTION, TAKE TIME EVEN IN
ROMANIA. US COMPANIES HAVE OFTEN
EEN RELUCTAMKNZR ASK
NETYU EMBASSY TO INTERVENE BECAUSE THEY DID NOT WISH TO ANNOY
THEIR BUSINESS PARTNERS WHO HAD ALREADY PROMISED FURTHER
PROGRESS.

5. IN BRIEFING BUSINESSMEN CONTEMPLATING MAJOR CONTRACTS
IN ROMANIA, WASHINGTON AND EWTC VIENNA MAY WISH TO
URGE EARLY ATTENTION TO HOUSING AND OTHER LOGISPCAL
PROBLEMS DURING NEGOTIATIONS WITH ROMANIAN OFFICIALS. AS
IN OTHER UNDERDEVELOPED COUNTRIES WITHOUT ADEQUATE INFRA-
STRUCTURE OR IMPORTS OF CONSUMER GOODS, COMAPNIES SEEKING
A LONG-TERM BUSINESS RELATIONSHIP MUST GIVE SPECIAL ATTENTION
TO PERSONNEL NEEDS BEFORE SIGNING THEIR CONTRACTS.
VIETS

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